

BRAND NEW 15-YEAR LEASE

Single Tenant Absolute NNN Investment Opportunity



2865 Interstate 75 Business Spur

SAULT STE. MARIE MICHIGAN

ACTUAL SITE



PRESENTED BY



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Broker of Record: Frank Rogers, SRS National Net Lease Group LP | MI License No. 6502417063

INVESTMENT SUMMARY



SRS National Net Lease Group is pleased to offer the opportunity to acquire the fee simple interest (land & building ownership) in an absolute NNN leased, KFC investment property located in Sault Ste Marie, Michigan. The tenant, Bells and Birds, Inc., doing business as KFC, will sign a brand new 15-year lease at the close of escrow (sale leaseback) with 4 (5-year) options to extend, demonstrating their commitment to the site. The lease features 8% rental increases every 5 years throughout the initial term and at the beginning of each option period, steadily growing NOI and hedging against inflation. The lease is absolute NNN with zero landlord responsibilities, making it an ideal, management-free investment opportunity for a passive investor.

KFC is located along Interstate 75 Business Spur, featuring 15,500 vehicles passing by daily. Interstate 75 Business Spur is the main retail thoroughfare of the trade area, and is home to other national/credit tenants including Walmart, Meijer, Tractor Supply Co, TJ Maxx, Hobby Lobby, and more. Strong surrounding tenant synergy increases consumer draw to the overall trade area, and promotes crossover shopping to the subject site. The property is equipped with a drive-thru, allowing for ease of access and convenience for customers. Stores with drive-thrus see significantly higher sales than stores without. KFC is located less than 1 mile away from Interstate-75, a major north-south U.S. Highway that runs from Florida to the Canadian Border. The property is less than 1 mile away from Lake Superior State University, which serves over 2,500 students each semester. The 5-mile trade area is supported over 16,000 residents as well as 11,000 employees, and features an average household income of \$59,061.

OFFERING SUMMARY



OFFERING

Pricing	\$2,700,000
Net Operating Income	\$135,000
Cap Rate	5.00%
Tenant	KFC
Franchisee	Bells and Birds, Inc. (43 Unit Operator)
Lease Type	Absolute NNN
Landlord Responsibilities	None

PROPERTY SPECIFICATIONS

Rentable Area	3,106 SF
Land Area	1.42 Acres
Property Address	2865 Interstate 75 Business Spur Sault Ste. Marie, Michigan 49783
Year Built	2020
Parcel Number	17-051-502-001-10
Ownership	Fee Simple (Land & Building Ownership)

INVESTMENT HIGHLIGHTS



Brand New 15-Year Lease | Options To Extend | Rental Increases

- Brand new 15-year lease at the close of escrow (sale leaseback) with 4 (5-year) options to extend, demonstrating their commitment to the site
- The lease features 8% rental increases every 5 years during the initial term, and at the beginning of each option period, generating additional NOI and hedging against inflation

Absolute NNN | Fee Simple Ownership | Zero Landlord Responsibilities

- Tenant pays for CAM, taxes, insurance and maintains all aspects of the premises
- No landlord responsibilities
- Ideal, management-free investment for a passive investor

Main Retail Thoroughfare | National\Credit Tenants | Interstate-75

- KFC is located along Interstate 75 Business Spur (15,500 VPD), which is the main retail thoroughfare of the area, and is home to other national/credit tenants including Walmart, Meijer, Tractor Supply Co, TJ Maxx, Hobby Lobby, and more
- Strong surrounding tenant synergy promotes crossover shopping to the subject property
- The property is located less than 1 mile away from Interstate-75, a major north-south U.S. Highway

5-Mile Trade Area Demographics

- More than 16,000 residents and 11,000 employees support the trade area
- \$59,061 average household income

PROPERTY OVERVIEW



Location



Sault Ste. Marie, Michigan
Chippewa County

Parking



There are approximately 21 parking spaces on the owned parcel.
The parking ratio is approximately 6.67 stalls per 1,000 SF of leasable area.

Access



Interstate 75 Business Spur: 1 Access Point

Parcel



Parcel Number: 17-051-502-001-10
Acres: 1.42
Square Feet: 61,861

Traffic Counts



Interstate 75 Business Spur: 15,500 Vehicles Per Day
Interstate 75: 6,500 Vehicles Per Day

Construction



Year Built: 2020

Improvements



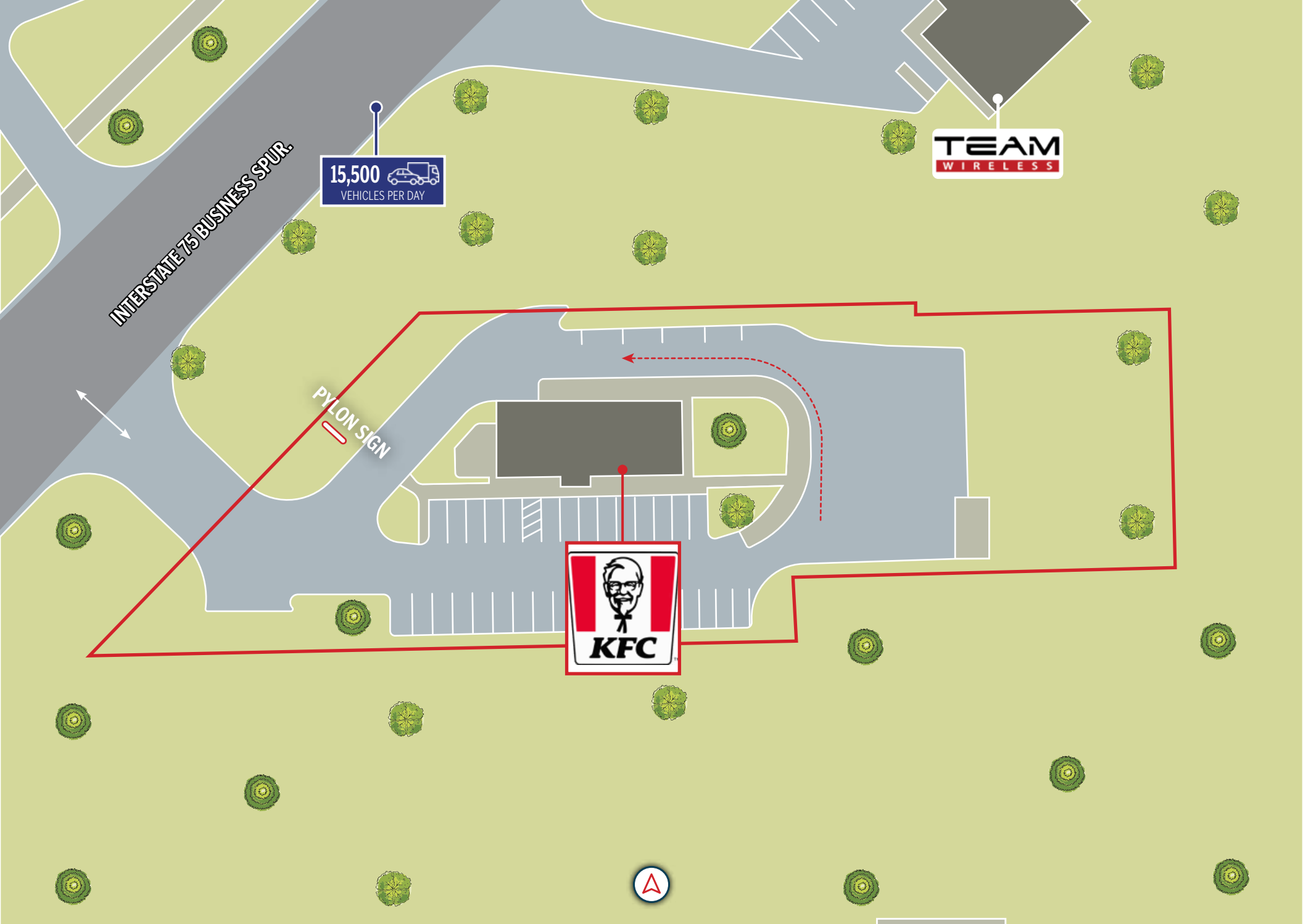
There is approximately 3,106 SF of existing building area

Zoning

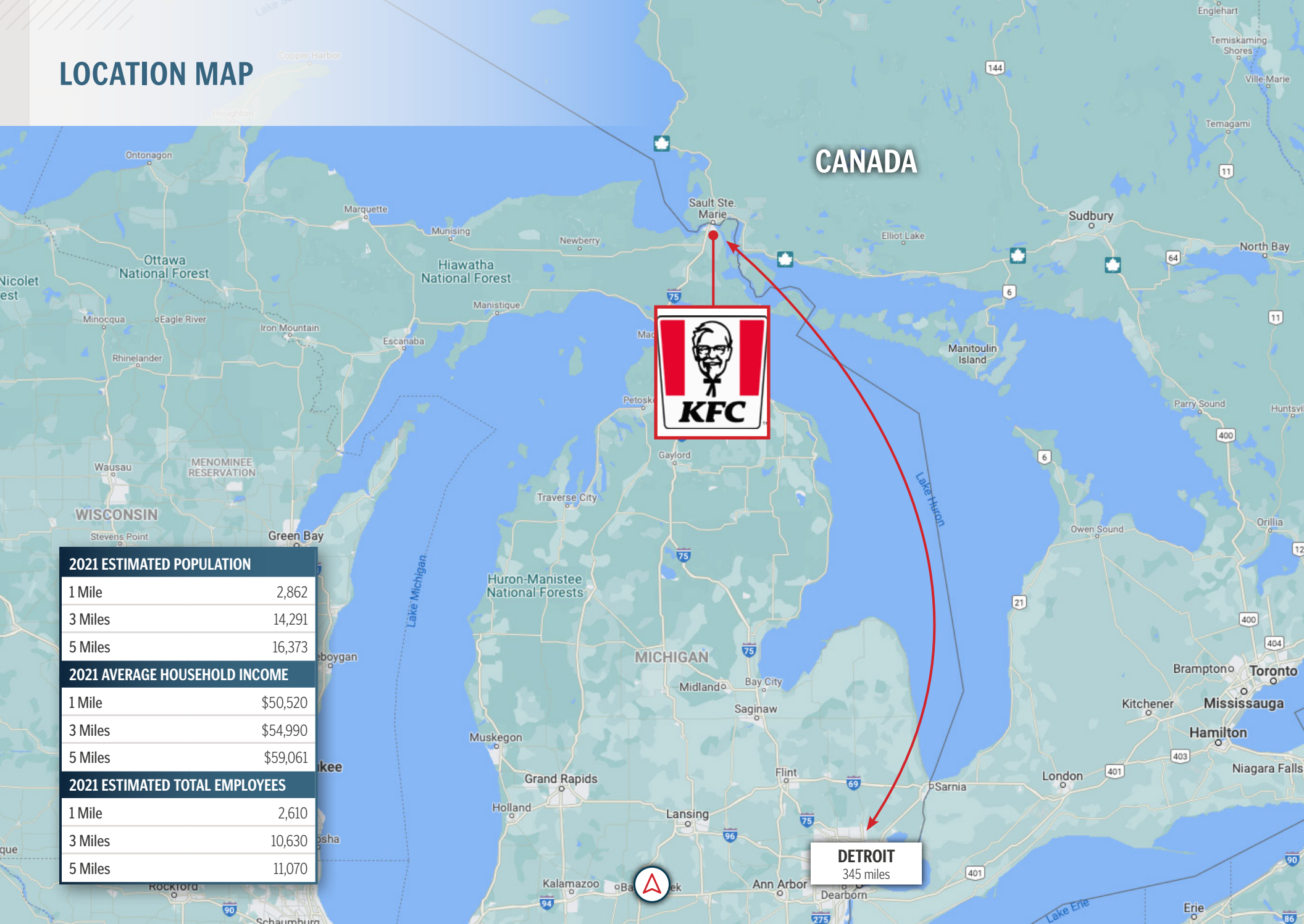


B-3: General Business





LOCATION MAP





SAULT STE. MARIE, MICHIGAN

Sault Ste. Marie is the only city and county seat of Chippewa County in the U.S. state of Michigan. With a population of 37,125 as of 2021, it is the second-most populated city in the upper peninsula after Marquette.

Tourism is a major industry in the area. The Soo Locks and nearby Kewadin Casino, Hotel and Convention Center—which is owned by the Sault Tribe of Chippewa Indians—are the major draws, as well as the forests, inland lakes, and Lake Superior shoreline. Sault Ste. Marie is also a gateway to Lake Superior's scenic north shore through its twin city Sault Ste. Marie, Ontario. The two cities are connected by the Sault Ste. Marie International Bridge, a steel truss arch bridge with suspended deck passing over the St. Marys River. There are sightseeing tours by train and riverboat. Apart from canal activities, tourism is the economic mainstay, augmented by forest products and a small manufacturing sector produces plastic products and auto parts.

Sault Ste. Marie is home to Lake Superior State University (LSSU), founded in 1946 as an extension campus of Michigan College of Mining and Technology (now Michigan Technological University); the campus was originally Fort Brady. LSSU has around 2,500 students, making it Michigan's smallest public university. Commercial airline service is provided to the city by the Chippewa County International Airport in Kinross, about 20 miles south of the city. Smaller general aviation aircraft also use the Sault Ste. Marie Municipal Airport about one 1 mile southwest of downtown.



AREA DEMOGRAPHICS



	1 MILE	3 MILES	5 MILES
POPULATION			
2021 Estimated Population	2,862	14,291	16,373
2026 Projected Population	2,746	13,900	15,934
2010 Census Population	3,101	14,883	17,006
HOUSEHOLDS & GROWTH			
2021 Estimated Households	1,324	6,135	6,989
2026 Projected Households	1,272	5,973	6,811
2010 Census Households	1,426	6,318	7,177
RACE & ETHNICITY			
2021 Estimated White	73.02%	72.83%	72.91%
2021 Estimated Black or African American	0.84%	0.79%	0.75%
2021 Estimated Asian or Pacific Islander	1.61%	1.28%	1.20%
2021 Estimated American Indian or Native Alaskan	18.17%	18.31%	18.43%
2021 Estimated Other Races	0.10%	0.38%	0.37%
2021 Estimated Hispanic	1.96%	2.51%	2.42%
INCOME			
2021 Estimated Average Household Income	\$50,520	\$54,990	\$59,061
2021 Estimated Median Household Income	\$38,457	\$41,273	\$43,859
2021 Estimated Per Capita Income	\$22,901	\$23,888	\$25,363
BUSINESSES & EMPLOYEES			
2021 Estimated Total Businesses	213	817	864
2021 Estimated Total Employees	2,610	10,630	11,070



RENT ROLL



LEASE TERM						RENTAL RATES					
TENANT NAME	SQUARE FEET	LEASE START	LEASE END	BEGIN	INCREASE	MONTHLY	PSF	ANNUALLY	PSF	RECOVERY TYPE	OPTIONS
Bells and Birds, Inc.	3,106	Jan. 2022	Jan 2037	Year 1	-	\$11,250	\$3.62	\$135,000	\$43.46	Abs. NNN	4 (5-Year)
(d/b/a KFC)				Year 6	8%	\$12,150	\$3.91	\$145,800	\$46.94		8% Rental Increase at Beg. of Each Option
				Year 11	8%	\$13,122	\$4.22	\$157,464	\$50.70		

FINANCIAL INFORMATION

Price	\$2,700,000
Net Operating Income	\$135,000
Cap Rate	5.00%
Lease Type	Absolute NNN

PROPERTY SPECIFICATIONS

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For financing options and loan quotes:

Please contact our SRS Debt & Equity team at debtequity-npb@srsre.com

BRAND PROFILE



KFC

kfc.com

Company Type: Subsidiary

Locations: 24,000+

Parent: Yum! Brands

2020 Employees: 38,000

2020 Revenue: \$5.65 Billion

2020 Net Income: \$904 Million

2020 Assets: \$5.85 Billion

Credit Rating: S&P: BB



KFC, a subsidiary of Yum! Brands, Inc. (NYSE: YUM.), is a global chicken restaurant brand with a rich, decades-long history of success and innovation. It all started with one cook, Colonel Harland Sanders, who created a finger lickin' good recipe, a list of secret herbs and spices scratched out on the back of the door to his kitchen. Today KFC still follows Colonel Sanders' formula for success, with real cooks breading and freshly preparing delicious chicken by hand in more than 24,000 restaurants in over 145 countries and territories around the world including more than 600 locations right here in Canada. The company also franchises its restaurants. KFC Corporation was founded in 1952 and is based in Louisville, Kentucky.



SRS

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NET LEASE
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275+

RETAIL
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LARGEST REAL ESTATE
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in North America
exclusively dedicated
to retail

1.7K+

RETAIL
TRANSACTIONS
company-wide
in 2020

500+

NET LEASE
PROPERTIES SOLD
in 2020

\$1.9B

NET LEASE
TRANSACTION VALUE
in 2020

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